

No. 20944

In the

United States Court of Appeals

For the Ninth Circuit

HARRY P. LOCKLIN and ELMER J. BRANT,
general partners doing business under the
firm name of Radiant Color Company,

Plaintiffs-Appellants,

vs.

SWITZER BROTHERS, INC.,

Defendant-Appellee.

Petition for Rehearing

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Petition for Rehearing

Most respectfully, appellants petition the Court to grant this Petition for Rehearing on the basis of the factual determinations which this Court adopted in its opinion of October 24, 1966. There is, appellants submit, an irreconcilable conflict between the critical findings of fact which this Court made in upholding the determination that the Kazenas patent of appellee was valid, as this Court did on the first appeal, and in upholding the determination that the resin used in the accused pigment infringes, as this Court does on the present appeal.

On the first appeal, this Court clearly and unequivocally delineated the Kazenas resin as being "a resin which is a co-condensation of all three of these chemical components (melamine, sulfonamide, and formaldehyde) and which is thermoplastic but still is capable of being finely ground and which remains insoluble without agglomeration in aromatic hydrocarbon solvents." (299 F.2d 160 at page 162). By its footnote, this Court keyed the language thus delineating the Kazenas resin directly to typical patent claim 2 including its functional and comparative language "substantially insoluble in aromatic hydrocarbon sol-

vents." That finding was in keeping with the finding of the District Court in the first instance that the Kazenas resin "is insoluble in common paint solvents such as aliphatic and aromatic hydrocarbons, and hence, can be suspended in such vehicles without coalescence or agglomeration." (OR 125). The District Court clearly understood that the Kazenas resin was one which did have "the insolubility in aromatic hydrocarbons characteristic of a melamine-aldehyde resin" and, in part, it based invention on "such an advance over the prior art" (OR 133, 134). Melamine-aldehyde resins "are insoluble in aromatic and aliphatic hydrocarbons . . ." (OR 126). Thus, in the first instance the words "substantially insoluble" meant permanent insolubility in aromatic hydrocarbons, not a transient one.

On the second appeal, this Court referred to the functional language of the claims with the instruction that such functional language "did not invalidate the claims, but by the same token it served to fix precisely the limits of the claims."

Now, on this third appeal, this Court has confirmed the findings of fact which were incorporated in the latest memorandum decision of the District Court and has affirmed the judgment of contempt for the reasons set forth in that memorandum opinion. In direct and irreconcilable conflict with the earlier findings of this Court, the District Court, and this Court as well, now find the fact to be that "all resins of this type will eventually agglomerate in any pure aromatic hydrocarbon solvent. The stronger the solvent the less time it will take to agglomerate. . . ." (CT 113). By such a new finding, the District Court, and now this Court, were able to, and did, cast aside as being immaterial "The mere fact that resin agglomerates within four or more weeks in a pure hydrocarbon solvent, such as benzene . . ." (CT 114).

The conflicting findings create a true dilemma. Certainly if it is a fact, as this Court found in its first opinion, that the Kazenas resin "remains insoluble without agglomeration in aromatic hydrocarbon solvents," then a resin which agglomerates within four or more weeks in a pure hydrocarbon solvent cannot be a Kazenas resin; *it must be something else*. If on the other hand it is a fact, as the District Court and the Court of Appeals now

both find, that all resins of this type will eventually agglomerate in any pure aromatic hydrocarbon solvent, then it follows irrefutably that the Kazenas resin does not have "the insolubility in aromatic hydrocarbons characteristic of a melamine-aldehyde resin" (OR 133) and that thus it does not differ in kind from the Japanese prior art resin, i.e. that the words "substantially insoluble in aromatic hydrocarbon solvents" do not define patentable novelty over that prior art resin.

Indeed, this newly found fact renders the earlier finding that the Japanese prior art resin "is soluble in aromatic hydrocarbons, while the Kazenas resin is substantially insoluble." (299 F.2d 163) mere semantics. The testimony of Dr. Hatcher with respect to his experiments upon the Japanese patent to which this Court referred in the first opinion (299 F.2d 163) consisted exclusively of a demonstration which showed that the Japanese resin agglomerated in toluene whereas the Kazenas resin remained free flowing (OR 398-401, referring to Japanese resin, prior Exhibit O, present Exhibit R-33, and Kazenas resin, prior Exhibit N, present Exhibit R-32). Dr. Hatcher also testified that one would not expect solubilities in the same type of resin to change over a period of nine months (OR 407). Now, this Court accepts the fact that all resins of this type will eventually agglomerate. Thus, under the prior adopted standard of solubility the newly found fact proves that the Kazenas and the prior art resins are both soluble because both agglomerate. In contrast, under the presently adopted standards of solubility the newly found fact shows that both resins are substantially insoluble because no longer need a resin remain free flowing to be "substantially insoluble."

If the Court is of the view that the difference in standards thus stated is not as exact as set forth in the last paragraph, it then follows that the Japanese and the Kazenas resins differ only in degree depending upon how long they will take to agglomerate, an instant, an hour, a day, a week, seventeen days, a month, four months, nine months, a year, two years, or three years¹ depending

1. It will be recalled that the accused pigment which consists of the adjudicated resin plus other ingredients was deposited in benzene on July 2, 1963 (Exhibit R-38, RT 374), that it was demonstrated to be free flow-

upon how high or how low one sets his sights. Thus, the basis for the earlier discard of authorities such as *Smith v. Nichols* (1874), 21 Wall. (88 U.S.) 112, 119; *Greene Process Metal Co. v. Washington Iron Works* (9 Cir. 1936), 84 F.2d 892, 893; and *Application of Aller* (CCPA, 1955), 220 F.2d 454, 456, is now proven to lack true substance.

Because this Court on the first appeal and the District Court did not believe appellants' expert² and refused to consider evidence³ that *some* of the Kazenas resins would in fact agglomerate in aromatic hydrocarbon solvents, the District Court, and this Court as well, found the fact to be that the Kazenas resin was substantially insoluble and that it thus distinguished from the Japanese resin. Now, because appellee has shown the District

ing to the District Court on October 14, 1965 (RT 375-376), and that it was demonstrated to be free flowing before this Court on the oral argument held October 11, 1966, more than three years after being deposited in benzene, whereas the District Court recognized that the accused resin part of that pigment would become agglomerated in benzene within four or more weeks (CT 114).

2. "... The experiments performed by Plaintiffs' expert to test the properties of resin samples prepared in accordance with the examples in the Kazenas patent, in the opinion of the Court, are not reliable evidence to support Plaintiffs' contention that as one approaches the lower limit of the critical range within which the melamine content may be varied the proportion of melamine is inadequate to produce the aromatic hydrocarbon insolubility claimed by the patent. . . ." (125 USPQ 519)

"Radiant contends that the record establishes that one skilled in the art could not reproduce the product from the description. It appears that the district court discounted the testimony upon which Radiant relies and favored the contrary testimony of Dr. Hatcher." (299 F.2d 166)

3. "... Radiant attempted to introduce new matters of evidence. . . . It offered testimony relating to post-decision tests run by it. It invited a second look at physical evidence which had been offered at trial to demonstrate the free flowing and insoluble character of the Kazenas resin, asserting that such second look would demonstrate that since trial the resin had agglomerated.

"All of this evidence was rejected by the district court for failure of Radiant to show diligence or justification for its failure to discover and present these matters at the time of trial. Radiant assigns error in this respect but we find no abuse of discretion in this ruling."

* * *

"... If the fact was that the resin would agglomerate and would not remain free flowing, Radiant could have established this by its own pre-trial experiments and have introduced evidence with respect to those experiments at the proper time. . . ." (299 F.2d 169)

Court that *all* (not merely some) resins of this type will agglomerate, this Court, and the District Court as well, hold Radiant in contempt.

On the first appeal, appellants, in support of their plea for a new trial, urged upon this Court that the newly discovered evidence established the fact to be "that the (Kazenas) resin would agglomerate and would not remain free flowing" (299 F.2d at 169), but this Court refused to consider such evidence. Now, the District Court, and this Court as well, have permitted appellee to prove precisely that which appellants failed to prove to the satisfaction of the District Court and this Court in the first instance.

Having introduced such proofs, appellee should have been bound by the proofs for all purposes, validity as well as infringement. Otherwise, the acceptance of such proofs runs directly contrary to the controlling practice that claims should be construed the same way on infringement that they are on validity (*Minerals Separation v. Butte &c. Min'g Co.* (1919), 250 U.S. 336; and *Union Carbide & Carbon Corp. v. Graver Tank & Mfg. Co.* (7 Cir. 1952), 196 F.2d 103, cert. den. (1952), 343 U.S. 967, reh. den. (1952), 344 U.S. 849).

The conflict in findings of fact and in results warrants, Radiant submits, a rehearing of the present opinion of October 24, 1966, as well as the earlier opinion of November 16, 1961.

This Court may be of the view that it is inappropriate for it to review the evidence to determine which of the conflicting and critical findings of fact is without error and which is clearly erroneous. In that event, appellants submit in the alternative that at a very minimum this Court should vacate both the interlocutory judgment based upon the initial findings and the contempt judgment based upon the present findings and should remand the case to the District Court with directions to enter consistent findings of fact and conclusions of law on the issues of validity and infringement (*Hunter Douglas Corp. v. Lando Products* (9 Cir. 1954), 215 F.2d 372, 376).

Respectfully submitted,

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CERTIFICATION

I certify that the foregoing petition, in my judgment, is well founded, and that the same is not interposed for delay.

CARL HOPPE

Attorney for Appellants